Scaling Social Impact
Social Entrepreneurship

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Social entrepreneurship is a growing field of practice and scholarship. Spurred by the financial support and encouragement of organizations like the Skoll Foundation, Ashoka, the Schwab Foundation, Echoing Green, and the Acumen Fund, many individuals and organizations have labeled themselves as “social entrepreneurs” and are drawing upon the best thinking in both the business and philanthropic worlds to develop innovative approaches to addressing critical social needs in health, poverty, the environment, and other domains. With this growth in the number of practitioners has come a concomitant growth in the number of students, consultants, teachers, and researchers who want to learn more about social entrepreneurship. A deep hunger for knowledge about this field has emerged, and the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University’s Fuqua School of Business has led the way in seeking to serve that hunger. The Social Entrepreneurship Series represents a new and exciting knowledge dissemination initiative. The series will contain monographs and compendia of papers offering the latest thinking about how to become more effective at social entrepreneurship.

Scaling Social Impact: New Thinking
Edited by Paul N. Bloom and Edward Skloot
Scaling Social Impact

New Thinking

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When I started doing research on the challenges of “going to scale” fifteen years ago, the topic could fairly be described as under the radar, both in the university and out in the field. My focus was growth through replication, and when I presented papers and case studies to nonprofit audiences, the ideas were often dismissed as too corporate. As one audience member said to me at one such presentation: “We are not McDonalds. You cannot use a cookie cutter to replicate the work we do.”

At almost exactly the same time, however, a cadre of social entrepreneurs was developing new models for organizations that would grow to significant size through replication in new locations. Nonprofits that are now nationally recognized names, such as Teach for America and Habitat for Humanity, and some that are better known in other parts of the globe, such as Bangladesh-based BRAC, have grown from small entities to major organizations active in many parts of the country and/or the world. While they have indeed found that scaling is anything but “cookie cutter,” one of the most notable aspects of the past few decades is the emergence of a wave of relatively large, rapidly growing nonprofit organizations.

Today, there may be no idea with greater currency in the social sector than “scaling what works.” In its first year, the Obama administration has announced several multimillion or billion dollar initiatives that focus on identifying programs that work (typically using rigorous evaluation standards) and investing in their capacity to expand to new locations and reach more beneficiaries. As the president put it, “Instead of wasting taxpayer money on programs that are obsolete or ineffective, government should be seeking out creative, results-oriented programs…and helping them replicate their efforts across America” (Obama, 2009).

What has happened over the past twenty or so years that makes it possible for the Obama administration—and many philanthropists—to bet on strategies that center on identifying, investing in and scaling what works as a central lever for addressing intractable social problems? And what are the
new questions that are already emerging among leaders in the field who are grappling with how to scale impact?

What has Propelled the Focus on Going to Scale?

Generally speaking, it is difficult to trace the causes of social change; but in this case it is clear that a few significant dynamics came together to make “going to scale” a focus for many in the nonprofit sector.

First, powerful ideas emanated from the for-profit sector that propelled new thinking and behavior in the nonprofit one. The rise of venture capital offered an analogy for how the nonprofit sector might operate—an analogy that Chris Letts, William Ryan, and Allan Grossman developed in their pathbreaking 1997 *Harvard Business Review* article, “Virtuous Capital: What Foundations Can Learn from Venture Capitalists.” This pivotal article articulated a model of social change centered on investing in promising organizations, strengthening their organizational capacity, and helping them to scale.

Individual philanthropists such as Don and Doris Fisher took this idea to heart and invested millions in helping entrepreneurial organizations such as KIPP and Teach for America to scale their work dramatically. Others used new wealth to create “venture philanthropy” funds committed to scaling promising, high-performing nonprofits. New Profit, New Schools Venture Fund, Venture Philanthropy Partners, Klaus and Hilde Schwab Foundation for Social Entrepreneurship, and Omidyar Network are among the many institutions now applying some version of this new philanthropic model. Simultaneously, a few well-established philanthropies such as Edna McConnell Clark shifted their grant-making to a new paradigm centered on big, multiyear investments aimed in many instances at helping high-impact organizations to scale.1

The celebration of entrepreneurs proved similarly contagious, with the concept of finding and supporting nonprofit entrepreneurs becoming an explicit strategy for social change enjoying unprecedented levels of support. Bill Drayton, the founder of Ashoka, was a pioneer in pursuing this approach; since 1981, Ashoka has provided more than two thousand social entrepreneurs—Ashoka Fellows—with living stipends, professional support, and access to a global network of peers in more than sixty countries. There are now a number of philanthropic institutions including the Skoll Foundation, Draper Richards Foundation, and Echoing Green that select and support social entrepreneurs with an eye to helping them take their ideas to scale.

The continued importance of this trend is evident in the extraordinary growth of university-based programs in “social enterprise” and “social entrepreneurship.” These classes are enormously popular—even with students who don’t plan to enter the nonprofit world vocationally, but do intend to remain involved as donors and volunteers. An important moment in the evolution of the field was the launch of the Harvard Business School social
enterprise initiative in 1994, which sparked the creation of similar programs in the United States and around the world. Today, over 150 full-time global MBA programs participate in the Aspen Institute’s biennial Beyond Grey Pinstripes survey, which ranks schools according to the “integration of issues concerning social and environmental stewardship” into their curricula. The survey shows that in the United States alone, MBA schools increased course offerings relating to social benefit and social sector management by 79 percent between 2005 and 2007.2

A second force propelling the focus on scale has been the unprecedented influx of money from new philanthropists. The technology-driven economy of the 1990s—culminating in the dot-com boom—was the platform for the creation and accumulation of massive wealth, as were the financial markets—right up until 2009. Some of this wealth has already flowed into philanthropy; 75 percent of all existing private foundations have been founded since 1980, for example (Foundation Center, 2008). But with more than twenty-one trillion dollars projected to flow into philanthropy as part of the baby-boomer intergenerational wealth transfer in the next fifty years (Schervish et al., 2006), we may have only begun to see the impact of these resources on philanthropic strategies designed to build stronger organizations capable of sustaining major growth.

Third, there has been a tremendous shift in the sector toward focusing on “results.” The move by many government agencies to contract with nonprofit and private-sector providers of services has been an important underlying force propelling this shift. In many spheres where nonprofits operate, government is the largest funder of their work, and its heightened emphasis on results—often through the use of performance-based contracts—has contributed to the trend of identifying and investing in what works. This pressure, along with rising interest from philanthropy and the general public, has put a spotlight on the issue of results; and it has led to efforts by many organizations to assess their performance in more concrete, objective ways, despite the inherent—and legitimate—challenges and complexities that presents. While it is still early days, we may be beginning to see the emergence of a virtuous cycle in which funders and nonprofits not only invest more in measurement, but also devise strategies that can more reliably produce results, thereby creating more momentum for replicating what we know works and investing in the ingredients (such as organizational infrastructure) that undergird the ability to sustain and improve results.

Thanks to all these dynamics, both leaders in the field and academics have a much better understanding of what it takes to build and scale strong nonprofit organizations. For example, we have a much deeper knowledge of the funding models that support growth (Foster et al., 2009; Miller, 2005; Overholser, 2010). Similarly, the work on capacity building has sharpened our understanding of some of the key organizational dimensions that need to be in place if nonprofits are to scale effectively (Enright, 2006; Hubbard, 2006; Kramer, 2008; Wolfred, 2008). While big, open questions remain to be answered—the absence of a capital market that supports the growth of
nonprofits from one stage to the next, the lack of practical tools for assessing outputs and outcomes, and the systematic underinvestment in “overhead” being three very notable issues—we have made significant progress in learning what it takes to produce and scale results at the organizational level—even if it remains enormously difficult to do that.

From Scaling Organizations to Scaling Impact

At the same time, it has become increasingly clear that scaling organizations is not the only way to scale impact, nor is it enough. This is not news to most people, but the emphasis on organization-building in the last two decades has oftentimes conflated the two. What are some of the ways that leaders are amplifying social impact beyond scaling organizations?

• **Technology:** “Bricks to Clicks.” Kaboom!, which helps communities organize projects to build new playgrounds for children, has shifted from hands-on management of projects—Kaboom! staff on the ground—to using a web-based platform to help communities organize their projects. In its first ten years, Kaboom! built nearly 750 playgrounds; since its shift to the new model, it has built approximately 4,000 in three years. Similar experiments with bricks-to-clicks models are underway in mentoring, advocacy and other fields.

• **Intermediaries:** Knowledge-sharing and technical assistance. Intermediaries play a critical role in many fields by increasing the performance of constituent organizations and/or serving needs that extend beyond the capacity or interest of any one provider. For example, Microfinance Information Exchange (MIX) provides data that enable microfinance lenders to compare their performance and practices, learn, and improve. Mentor plays a similar role in the mentoring field, as does Local Initiatives Support Corporation (LISC) in community development.

• **Talent-centered models.** A growing number of organizations are pursuing strategies for broader impact that center on developing leaders who will pollinate a field. Education is a prime example. In some cases, New Leaders for New Schools and Recruiting Teachers for example, the production of talent is the strategy; in others, such as Teach for America, it is a by-product of working in the organization, with alumni leaving and becoming influential players in education-related issues and institutions.

• **Catalyzing changes in markets or social systems.** Some nonprofits (and their funders) are stimulating change by expanding the realm of what’s possible. In microfinance, nonprofit institutions pointed the way to for-profit companies investing substantial capital in serving previously unrecognized market segments. Some of these for-profit players are creating significant, self-sustaining markets that reach at least some of the segments of the population that were originally targeted by the nonprofits. Charter schools have triggered changes in school districts across the country—far out of proportion to the number of children they serve directly. In many cases, these changes hinge on demonstrating that change is possible and employing intentional communication strategies that inspire and/or force others to adjust.

• **Blending direct service and advocacy.** City Year’s vision is “that one day the most commonly asked question of a young person will be, ‘Where are you
going to do your service year?” It has pursued that mission for twenty years by growing to twenty sites and engaging fifteen hundred young people each year. But an explicit part of City Year’s strategy has always been to advocate for federal policies and funding for public service work. The organization was instrumental in the creation of the Corporation for National Service (CNS) in 1993 and, most recently, was a critical player in the passage of the Kennedy Serve-America Act. In 2010, seventy-five thousand people will be involved in service through the CNS-funded programs for which City Year has been a model and an active advocate.

• Networks. Many of today’s most prominent nonprofit networks first took shape and gained momentum early in the twentieth century. Service providers such as Big Brothers Big Sisters of America, Boys and Girls Clubs of America, Goodwill, and the American Red Cross spread across the country—paralleling the growth of Sears and other pioneering for-profit businesses. These large nonprofit networks ultimately became a critical source of programming and services, especially for young people and the poor. Later in the century, another type of network, centered on local implementation of a common idea and model, emerged. The hospice movement and Alcoholics Anonymous, which both became major forces in society without a central organization driving their growth, are two fine examples (Dees, 2004). Today, virtual networks are proliferating with people brought together around a common interest via the Internet. Through websites and social networking technology, enormous numbers of people are able to donate money, volunteer, advocate, and organize.

• Social marketing campaigns: Changing attitudes and behaviors. Through the creative use of marketing techniques, some organizations are pursuing direct and widespread changes in “what’s acceptable.” The “designated driver” campaign, conceived and designed by the Harvard Alcohol Project at the School of Public Health, built on the platform created by Mothers Against Drunk Driving to change—and stiffen—public attitudes toward “driving under the influence.” Social marketing strategies targeting behavior and culture change are currently being pursued in a variety of arenas beyond public health, including the environment and education.

While not exhaustive, this set of illustrations highlights some important ways to scale impact. It also provokes two last thoughts: First, even though these approaches are all about scaling impact, and not scaling organizations, almost all of them depend, nonetheless, on the existence of a strong organization, whether it be an intermediary, a technology-based enterprise, or a single nonprofit organization with a very strong policy and advocacy team. So one important line of research to pursue is what distinguishes organizations that are effective in these endeavors from those that are not? What does it really take in terms of strategy, capital, and talent to pursue these extra-organizational strategies for impact?

Second, with all of these strategies, organizations are attempting to achieve impact that is wildly disproportionate to their size. These attempts matter profoundly if we are to make meaningful progress on many of the issues that nonprofits attack. The challenges we confront, in the United States and worldwide, virtually always extend beyond the capacity of any
single organization, so finding ways to achieve more leverage is critical. This is why finding ways to scale impact without scaling the size of an organization is the new frontier for work in our field. Put simply, how can we get one hundred times the impact with only a two times change in unit size? Cracking the code on that problem will enable us to affect the most critical challenges and opportunities facing society today.

**This Book**

This book offers a range of insights into the variety of ways that people are building strong organizations and finding ways to get dramatically more impact. It is exciting to see Duke University taking the lead to bringing this volume together, in an interdisciplinary collaboration between the Fuqua School of Business’s Center for the Advancement of Social Entrepreneurship (CASE), which has been doing important work on scale for a number of years, and the new Center for Strategic Philanthropy and Civil Society (CSPCS), based at the Sanford School of Public Policy. It is just such collaborations, across academic disciplines—and across theory and practice—that will pave the way to better understanding the scaling of social impact.

This book comes at a time of openness to pursuing bold strategies unlike any we have seen for several decades. And the need for solutions to our most intractable problems has never been greater. With researchers in the field and the academy helping us make sense of what is working—and what isn’t—this book makes a valuable contribution to building not only our understanding of how we scale social impact but also a better world.

**Notes**

1. The venture capital model also legitimated and supported a sharp increase in the sector’s attention to “capacity building”—strengthening the internal capabilities that enable organizations to deliver results. One striking measure of the sea change is the growth of Grantmakers for Effective Organizations, which was launched in 1997 and now has a membership that numbers more than 350 foundations.
2. Based on a sample of over 110 full-time MBA schools in the United States (Aspen Institute, 2005 and 2007).
3. Dees’s article in the *Stanford Social Innovation Review* in 2004 is an early exception. More recently, articles by Bloom and Dees (2008) and by Bloom and Chatterji (2009) begin to develop frameworks that link the scaling of both organization and impact. Crutchfield and Grant’s book *Forces for Good* (2007) traces several pathways that innovative organizations are using to scale their impact.
4. Civic organizations, such as the Lions, Elks, and Rotary clubs, were another type of organization launched in the early twentieth century that scaled dramatically (Skocpol, 2003).
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